

Audit's® NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

May 27, 1977
Priced May 23

VOL. VIII, No. 10

INVESTMENT OUTLOOK AND STATISTICAL ISSUE

Investment outlook: Sponsorship the big plus for troubled debt negotiations.....	1
Graph of Audit Investment Index.....	2
Computerized Comparative Trust Group averages.....	3
Dividend trends: Four boosts plus Sutro Mortgage year-end.....	3
Comparative Trust Statistics for 132 realty trust shares.....	4&5
Statistics for 25 warrants and 44 convertibles.....	6
Statistics for 35 straight bond issues of trusts.....	3
How to use Comparative Trust Statistics.....	6
Reviews of attractive trusts: Pennsylvania Real Estate Investment Trust.....	2
Washington Real Estate Investment Trust.....	7

INVESTMENT OUTLOOK: SPONSORSHIP THE BIG PLUS FOR TROUBLED DEBT NEGOTIATIONS

The 1.9% price advance for all trusts over the month took in some disparate swings. Equity and long-term mortgage trusts remained upside performers, particularly striking in view of the sharp setback suffered by the Dow-Jones Industrials recently. The strength in equity and long-term groups centered in the lower grade issues within these groups. Though crippled, several here have salvageable equity sometimes combined with low leverage. Selling at depressed levels akin to all troubled trusts, their relative strength seemed natural. Some of these notable gainers were: Atlanta National RE Trust, CleveTrust Realty, US Realty and Indiana Mortgage & Realty.

By contrast, the short-term mortgage groups were weak, particularly the independent. Even more striking was their 4.6% price decline last month from an average share price barely over \$1. But this is where troubles are greatest— the short-term mortgage lenders with no or weak sponsorship. It is no coincidence that of the three bankruptcies on our lists, one was originally independent and the other two abandoned by their sponsors. Many troubled REITs are coming closer to serious reckoning with their banks. Equity is being ground down and losses continuing. Defaults, particularly for inadequate equity, are rising. More troubled trusts are unable to pay interest or feel they will shortly be unable to pay. Guardian Mortgage Investors won't be able to pay its subordinated interest. Midland Mortgage says it will not be able to make its July 1 payment if an equity default is not waived. Waiver conditions vary for each trust. But the ability of a strong sponsor to help bail out its trust becomes more important. Witness State Mutual Investor's sponsor offering to buy \$37 million of its portfolio, a key part of the restructuring plan.

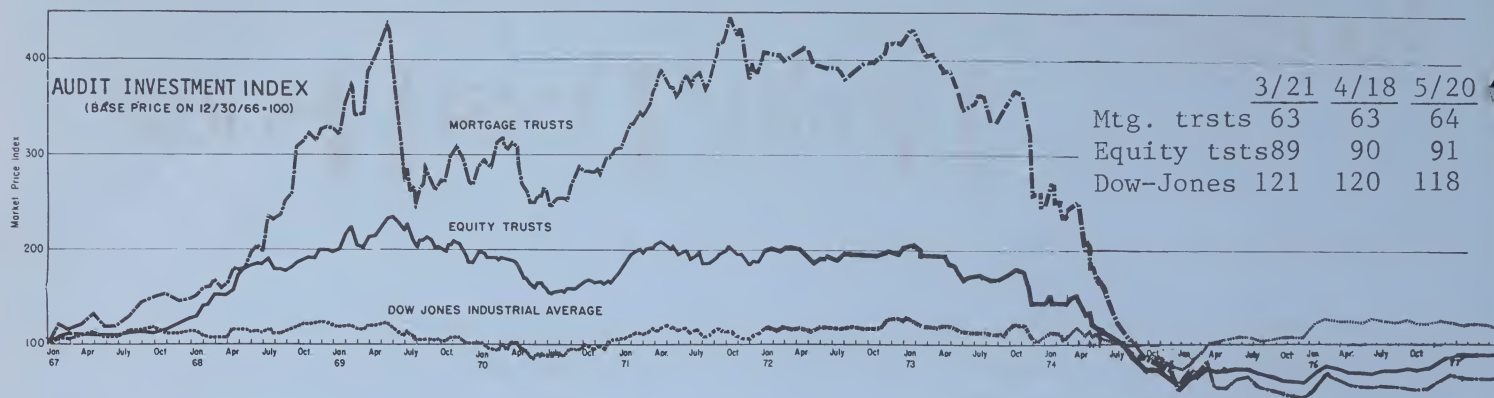
Monthly tally of nonearning assets:

Group	Number	---Invested assets---		%	Month %
		Non-earning	Total		
Short-term mortgage....	59	\$6,775M	\$9,028M	75%	+0.2%
Inter. & long-term mtg.	28	1,636	3,849	46	-0.8
Equity & combination....	45	912	3,397	27	+4.7
TOTALS/AVERAGES....	132	\$9,323	\$16,274	57%	+0.4%

KENNETH D. CAMPBELL, EDITOR AND PUBLISHER, BERNARD SOLAS, C.F.A., DIRECTOR OF RESEARCH / AUDIT INVESTMENT RESEARCH INC., 230 PARK AVENUE, NEW YORK 10017

REALTY TRUST REVIEW, REAL ESTATE DISCLOSURE DIGEST, DISCLOSURE REPORTS ON PROBLEM PROPERTIES, and special industry investment reports are published by Audit Investment Research, Inc., an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Under no circumstances is anything contained herein to be construed as an offer to purchase or a solicitation to sell any security mentioned. Information has been obtained from sources believed to be reliable and reasonable care has been exercised in compilation, but accuracy or completeness cannot be guaranteed. Expressions of opinion are solely the responsibility of the publisher and may be changed at any time without notice. Advisory services are mailed to reach subscribers no later than the Monday following publication date. Audit's officers, employees and printers are not permitted to trade upon any recommendation until the Tuesday following. Subscriptions may not be assigned without consent and unused portion refunded on request. Copyright © 1977 by Audit Investment Research, Inc., 230 Park Avenue, New York, N.Y. 10017.

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS / SUBSCRIPTIONS \$125 ANNUALLY / SINGLE COPY \$7 / BACK ISSUES \$1.25 TO SUBSCRIBERS ONLY
GROUP RATES ON REQUEST



PENNSYLVANIA REAL ESTATE INVESTMENT TRUST (12--ASE--PEI) FY Aug. 31

REAL ESTATE INVESTMENTS: One of the oldest equity trusts, founded in 1960, its standard type real estate has long been held. Depreciated holdings were \$71.5 million on Feb. 28, little changed in size over the past two years. The main shift within this period was the sale of a troubled motel in fiscal 1976 while funds were put into a jointly owned regional shopping center and a 100,000 sf office building in New Orleans. Thus holdings by gross value were: 35% apartment buildings, 52% shopping centers and retail stores, 11% industrial and office buildings, and 2% mortgage notes receivable. The new regional shopping center, Lehigh Valley Mall, opened in October, 1976. This \$14 million participation is the trust's largest single investment, making shopping centers an even larger majority of cash flow. The 19 shopping centers and retail stores range from 40,000 to 1,000,000 sf in twelve states east of the Mississippi. Retailing space has been essentially fully occupied over the years, averaging only 3% vacancy. The only significant vacancies were caused by the hiatus in rerenting the space formerly occupied by bankrupt W.T. Grant. The five former Grant spaces were re-leased at better terms, mostly to K-Mart, and the new leases have taken effect. Major centers are \$5 million Village Shopping, Gary, Ind. and \$4 million Whitehall Mall, Allentown, Pa. Space is virtually fully occupied in 14 of the centers. Only the East Brunswick Mall in New Jersey was 4% vacant. Only three centers were over 2% vacant.

The apartment portfolio contains nine complexes with 2,750 units, mostly in Pennsylvania within 100 miles of the trust's office. This makes for efficient apartment management. Apartment buildings are modern, most are under 25 years old, and in relatively attractive neighborhoods. Occupancies have remained full with only 1-2% vacancies at most complexes. Vacancies have recently fallen further. Rent increases kept pace with rising expenses the past two years but could not offset sharply higher fuel bills this past winter. Largest complexes are: \$6 million School Lane Apts., Philadelphia, \$6 million Lakewood Hills, Harrisburg, Pa. and \$4 million Marylander Apts., Baltimore.

Lehigh Valley Mall is the newest, largest trust investment and will be the biggest swing determinant of future cash flow. Most of the 130 stores are now open accounting for 95% of the 335,000 sf. Anchors are J.C. Penney and Bamberger's. Adjacent to the mall, a John Wanamaker will open in late 1978. Store managers say business is satisfactory and the trust is pleased with early results. The center is very close to dense population in an area well known to the trust as it has three local centers nearby. Located in Allentown, there is street access to major roads to this fair sized town and two closeby smaller towns, Bethlehem and Easton. Impact of this regional on the trust's three nearby local centers has not been significant.

There is just one problem property. This is the vacant 40,000 sf department store in Auburn, N.Y. Carried for \$221,000, 0.3% of investments, negotiations are underway

Continued on page 7

DIVIDEND TRENDS: FOUR BOOSTS PLUS SUTRO MORTGAGE YEAR-END

Four declarations in May were up from the previous month, one of the best showings in a long time. Additionally, Sutro Mortgage Investors with a 10¢ yearend broke a two-year dry spell. Another hike was made by Realty ReFund Trust with the payment date extended to include shares purchased by warrant exercise. Warrants expire June 14. If the prime interest rate does not rise much further, RRF could about maintain its earnings and dividend. Lomas & Nettleton raised, ignoring its loss reserve provision. PNB Mortgage and Realty increased 2¢ in keeping with higher earnings cushioned by some cash flow. Comparison with a year ago is even more striking with ten payouts up or resumed.

	<u>Up</u>	<u>Same</u>	<u>Down</u>	<u>Total</u>	<u>%Change</u>
May	4	13	1	18	+ 4%
Year	11	51	5	67	--
-----From previous year-----					
May	10	8	0	18	+42%
Year	30	31	6	67	--

Trust	Record date	Dividend/share--	Ant.	Percent	Special	Year Ago	% Change
API Trust	5/17	\$0.10	\$0.10	---	NC	\$0.10	NC
BankAmerica Realty	5/31	0.13	0.13	---	NC	0.05	+160
Consol. Cap. Realty	5/17	0.1684M	0.1684	---	NC	0.1667	+1
Federal Realty	6/24	0.31	0.31	---	NC	0.31	NC
First Fidelity Inv.	5/31	---	---	---	\$0.07	---	---
GREIT Realty	7/15	0.10	0.10	---	NC	0.10	NC
Gould Investors	6/15	0.125	0.10	+0.25	---	0.00	---
Hubbard Real Estate	6/23	0.30	0.30	---	NC	0.30	NC
Lomas & Nettln Mtg.	5/6	0.29	0.21	+0.08	+38	0.09	+222
Miller (Henry S.) Rly.	5/10	0.15	0.15	---	NC	0.00	---
Nationwide REI	5/31	0.03	0.04	-0.01	-25	0.03	NC
PNB Mtg. & Realty	5/2	0.12	0.10	+0.02	+20	0.10	+20
Pacific-Southern Mtg.	5/23	0.15	0.15	---	NC	0.00	---
Property Capital	5/31	0.30	0.30	---	NC	0.30	NC
Property Trust Amer.	5/27	0.05	0.05	---	NC	0.05	NC
Realty Income Trust	5/31	0.35	0.35	---	NC	0.15	+133
Realty ReFund	6/24	0.60	0.56	+0.04	+7	0.52	+15
San Francisco REI	5/6	0.15	0.15	---	NC	0.00	---
Sutro Mtg. Inv.	5/9	---	---	---	0.10	---	---
Terryle Realty	5/17	0.37	0.37	---	NC	0.37	NC
Washington REIT	6/3	0.44	0.44	---	NC	0.39	+13
TOTALS (18 Trusts)b		\$4.065	\$3.91	+\$0.155	+4%	\$2.86	+42%

b-Excludes monthly and special dividends. NC-No change. M-Monthly. Trusts with dividends reduced from previous quarter underlined.

COMPARATIVE TRUST GROUP AVERAGES 05/24/77

GROUP	SHARE N (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	% CHNG MON	FROM-- AGO	P/F JAN 1	RATIO	ANN* YIELD	% PR TC BK	RETURN CN BK	MARKET VALUE
EQUITY TRUSTS	20	2050	11.74	0.83	0.88	11.28	0.4	7.0	12.8	7.3	-4.0	7.5	572.7
EQUITY AND MORTGAGE COMBIN	23	1764	9.68	0.36	0.40	6.32	6.3	13.4	15.8	5.7	-34.7	4.1	253.5
SUBORDINATED LAND TRUSTS	3	2689	11.75	0.40	0.58	6.67	0.9	-9.6	11.4	6.0	-43.3	5.0	48.8
AVERAGE 3 EQUITY GROUPS	46	1949	10.71	0.56	0.62	8.50	2.5	8.3	13.7	6.6	-20.6	5.8	475.0
SHORT-TERM MTG-INDEPENDENT	18	3722	-0.34	0.00	0.46	1.02	-4.6	-9.3	2.2	0.0	-397.1	-132.6	43.4
SHORT-TERM MTG-MTG BANKER	16	2017	8.84	0.32	0.55	4.70	1.9	-2.3	7.9	6.8	-46.9	6.7	164.9
SHORT-TERM MTG-COML BANK	16	2214	1.57	0.00	0.22	2.04	-0.4	2.3	9.2	0.0	29.5	14.1	66.2
SHORT-TERM-MISC FINCL	8	2381	5.11	0.01	0.10	2.52	-0.8	-10.7	25.2	0.6	-50.7	2.0	40.0
AVERAGE 4 SHORT-TERM GROUPS	58	2651	3.47	0.09	0.38	2.52	0.2	-3.5	6.6	3.6	-27.3	11.0	314.4
INTERMEDIATE-TERM MORTGAGES	6	3345	5.40	0.40	2.88	4.38	2.7	1.6	1.5	9.1	-18.9	53.4	48.5
LONG-TERM MTG & EQUITIES	22	2927	11.66	0.49	0.49	7.45	1.8	4.3	15.3	6.6	-36.1	4.2	632.2
AVERAGE LONG & INTERMEDIATE	28	3017	10.32	0.47	1.00	6.79	2.0	3.9	6.8	7.0	-34.2	9.7	660.8
OVERALL AVERAGE	132	2484	7.45	0.34	0.60	5.51	1.9	4.5	9.3	6.1	-26.0	8.0	1470.2
DOW-JONES INDUSTRIAL AVERAGE						96.72	917.06	-2.7	-8.7	9.5	4.8		

*Latest quarter annualized

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Atico Mtg.-c#	NY	6.75%	'82	\$16.9	\$58.50	+ 2%	11%
BT Mtg. Inv.-c	OC	5.75	'82	20.0	55.00	+ 10	10
Barnett Mtg.-c	OC	6.75	'91	17.3	19.00	0	36
Barnett Mtg.-cd	OC	8.50	'98	30.0	28.00	0	30
Barnett-Win.-ce	OC	8.25	'98	30.0	37.00	+ 16	22
Bay Colony Prop-c	NY	8.50	'81	23.0	61.25	0	14
Chase Man. Tr.-a	NY	7.88	'78	50.0	87.50	+ 1	9
Chase Man. Tr.-c	NY	7.50	'83	60.0	51.00	- 13	15
Cit. & So. Rty.-c#	OC	6.75	'78	30.0	30.00	+ 7	23
Cit. Mtg. Inv.-b	OC	8.50	'80	20.0	32.00	+ 19	27
Colwell Mtg.-b	NYx	8.20	'80	25.0	28.00	+ 12	29
Cont. Ill. Rl.-b	NY	7.63	'79	25.0	81.00	- 7	9
Cousins M&E-c	NY	6.50	'82	30.0	38.38	+ 4	17
First Mtg.-a	OC	6.75	'82	12.6	28.00	- 7	24
First Mtg.-a	OC	8.25	'77	23.5	52.00	0	16
First Newport-b	OC	8.75	'79	7.0	43.00	+ 23	20
First Virg.-b	OC	8-12f	'80	10.0	34.00	- 3	23
Great Amer. Mtg.-b, VJ	OC	7.55	'79	25.0	11.00	+ 10	69
Great Amer. Mtg.-c, VJ	OC	8.75	'83	25.0	11.00	+ 10	80
Guardian Mtg.-b	NYx	7.50	'79	25.0	20.00	- 5	38
Guardian Mtg.-c#	ASx	6.75	'86	8.6	19.00	- 5	36
Gulf Mtg. & Rl.-c#	AS	7.70	'80	20.0	76.50	+ 9	10
IDS Realty-h	OC	--	--	179.8	26.00	+ 44	NC

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Insti. Inv.-b	NY	7.88	'80	\$20.0	\$68.00	+ 1%	12%
Justice Mtg.-b	OC	7.75	'79	9.6	33.00	+ 3	23
LMI Investors-c	NYx	6.75	'82	10.0	40.00	+ 5	17
Midland Mtg.-b	NY	8.00	'80	18.5	61.38	+ 3	13
Mtg. Inv. Wash.-b	OC	8.50g	'80	15.0	50.00	- 15	17
NJB Prime Inv.-c#	OC	7.00	'80	12.9	26.00	- 13	27
Nationwide RE-c	OC	7.00	'91	6.5	65.00	0	11
No. Amer. Mtg.-c	NY	5.50	'79	27.8	82.50	- 1	7
Saul (B.F.)-c	NY	8.50	'80	25.0	86.25	0	10
State Mut. Inv.-b	NYx	9.00	'80	25.0	62.00	0	15
Security Mtg.-#	AS	7.25	'82	50.0	79.25	+ 6	9
Security Mtg.-c#	OC	6.00	'82	17.1	63.00	+ 26	10
Tri-South Mtg.-b	NY	7.75	'80	25.0	49.00	+ 1	16

Description: a-Senior; b-Senior subordinate; c-Subordinate or junior subordinate. d-Convertible at \$39 till 9/1/78 when price may be adjusted. e-Convertible at \$31 till 12/1/78 when price will be adjusted. f-Variable at 1½% over monthly prime. g-Variable rate at 1½% over prime in Oct. and April. h-Five series, A-E: 6-7/8, 7-1/8, 7-3/8, two variable; 1987-94. VJ-Bankruptcy reorganization. x-Suspended by exchange. #May be used at par to exercise warrants.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	EARNINGS MON	ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RET CN BK	MKT VA (MIL\$)
EQUITY TRUSTS														
API TRUST #	O-APIITS	1012	11.94	0.40	← DEC	0.32	4.75X	7.8	26.7	14.8	8.4	-60.2	2.7	4.8
C I REALTY #	N-CIX	2609	16.97	0.00	FEB	0.63	↓ 6.75	10.1	45.8	10.7	0.0	-60.2	3.7	17.6
CITIZENS GR*	O-CITGS	811	8.01	0.00	OCT	0.00	0.75	-25.0	-40.0	0.0	0.0	-90.6	0.0	0.6
CON ILL PRO*	N-CIE	4808	20.96	1.28	JAN	0.95	↓ 15.50	-6.8	-6.1	16.3	8.3	-26.0	4.5	74.5
CONSC CAP R#	O-CCPLS	1989	20.55	2.02	← NOV	1.28	↓ 25.00X	0.7	2.0	19.5	8.1	21.7	6.2	49.7
DENVER REI #	O-DENVIS	1091	8.39	0.60	DEC	0.68	↓ 8.63	1.5	27.9	12.7	7.0	2.9	8.1	9.4
FEDERAL RLTY	A-FRT	1354	9.66	1.24	← MAR	1.20	↑ 14.00	0.9	6.6	11.7	8.9	44.9	12.4	19.0
FIRST UNION*	N-FUR	4011	8.48	1.00	JAN	1.16	12.38	2.1	2.1	10.7	8.1	46.0	13.7	49.7
FLORIDA GLF#	O-FGLFS	975	15.49	1.28	JAN	1.28	13.50	0.0	20.0	10.5	9.5	-12.8	8.3	13.2
FST FIDELTY#	O-FFITS	866	10.65	0.14	NOV	0.24	4.13	27.1	37.7	17.2	3.4	-61.2	2.3	3.6
GENERAL GRO#	N-GGP	6202	6.40	1.40	MAR	1.49	← 24.38	4.3	9.6	16.4	5.7	280.9	23.3	151.2
GOULD INVST#	A-GTR	1179	6.50	0.50	↑ MAR	0.58	↓ 6.75	14.8	99.7	11.6	7.4	3.8	8.9	8.0
GREIT RLTY #	A-GRT	998	10.98	0.40	← JAN	1.00	6.75	5.8	8.0	6.8	5.9	-38.5	9.1	6.7
HUBBARD REI	N-HRE	4004	21.98	1.20	← APR	1.40	← 16.25	-1.5	3.7	11.6	7.4	-26.1	6.4	65.1
NEW PLAN RL	O-NPLNS	1399	2.56	0.96	JAN	1.24	↑ 10.50X	0.8	16.7	8.5	9.1	310.2	48.4	14.7
PENN REIT #	A-PEI	1516	12.03	1.15	FEB	1.20	↑ 11.88	-7.8	-15.1	9.9	9.7	-1.2	10.0	18.0
REIT OF AMER	A-REI	1633	21.10	1.20	FEB	0.97	14.63	0.0	-8.6	15.1	8.2	-30.7	4.6	23.9
SUMMIT PROP#	O-SMMS	1554	7.07	0.00	JAN	0.27	2.75	0.0	37.5	10.2	0.0	-61.1	3.8	4.3
WASH REIT #	A-WRE	1474	10.57	1.76	← DEC	1.68	22.75	-6.7	-4.7	13.5	7.7	115.2	15.9	33.5
WISC REI FD#	O-WREIS	1514	4.58	0.00	SEP	0.02	3.50	7.7	133.3	175.0	0.0	-23.6	0.4	5.3
GROUP AVERAGE		2050	11.74	0.83		0.88	11.28	0.4	7.0	12.8	7.3	-4.0	7.5	572.7

EQUITY AND MORTGAGE COMBINATION TRUSTS															
AMER REALTY	A-ARB	2222	2.80	0.00	MAR	0.00	↓	1.00	-11.5	58.7	0.0	0.0	-64.3	0.0	2.2
BANKAM RLTY	O-BRLTS	3547	15.27	0.52	←APR	0.42	↓	10.25	2.5	2.5	24.4	5.1	-32.9	2.8	36.4
BRT RLTY TR	A-BRT	1400	5.49	0.00	FEB	0.00	0.88	0.0	0.0	0.0	0.0	0.0	-84.0	0.0	1.2
FLATLEY RLT	O-FLTLS	1000	6.80	0.00	SEP	0.27	↑	2.75	0.0	-8.3	10.2	0.0	-59.6	4.0	2.8
FRANKLIN RLY	A-FR	999	7.44	0.00	MAR	0.00	4.38	12.9	34.8	0.0	0.0	0.0	-41.1	0.0	4.4
HOTEL INVSTR	A-HOT	1545	17.59	1.20	FEB	1.12	12.81	11.4	1.4	11.4	9.4	-27.2	6.4	19.8	
INDIANA M&R#	O-INDMS	1154	8.91	0.00	MAR	0.20	↑	3.13	19.0	25.2	15.6	0.0	-64.9	2.2	3.6
INVESTOR RL#	A-IRT	1579	10.55	0.00	FEB	0.63	7.25	9.4	61.1	11.5	0.0	-31.3	6.0	11.4	
JMB REALTY#	O-JMBRS	510	18.62	1.60	FEB	2.04	↓	14.00	0.0	3.7	6.9	11.4	-24.8	11.0	7.1
LINCOLN MTG*	O-LMGS	1155	1.71	0.00	DEC	0.00	0.75	19.0	70.5	0.0	0.0	0.0	-56.1	0.0	0.9
MILLER HEN S	O-HSMTS	560	16.95	0.60	←FEB	0.08	↓	9.00X	1.7	20.0	112.5	6.7	-46.9	0.5	5.0
NJB PRIME	O-NJB	1280	-5.12	0.00	FEB	0.00	0.38	-13.6	40.7	0.0	0.0	0.0	NEG.	0.0	0.5
PLAZA REALTY	O-PNE	1114	1.97	0.00	DEC	0.00	0.88	0.0	-12.0	0.0	0.0	0.0	-55.3	0.0	1.0
PROP TRUST#	O-PTRAS	2506	7.49	0.20	←MAR	0.12	↓	4.75X	3.7	18.8	39.6	4.2	-36.6	1.6	11.9
RIVIERE RLY#	O-RVIV6	783	8.80	1.00	DEC	1.35	8.75	0.0	2.9	6.5	11.4	-0.6	15.3	6.9	
RLTY INCOME	A-RIT	1565	12.70	1.40	←JAN	0.00	↓	11.25	12.5	7.1	0.0	12.4	-11.4	0.0	17.6
SAN FRAN RE#	A-SFI	1348	19.95	0.60	←MAR	1.04	↓	13.25X	8.2	20.5	12.7	4.5	-33.6	5.2	17.9
SAUL (BF)REI	N-BFS	5845	6.34	0.00	DEC	0.00	3.50	-12.5	-15.3	0.0	0.0	0.0	-44.8	0.0	20.5
US BANCORP #	A-UBT	840	16.24	0.00	FEB	0.00	8.75	6.8	9.4	0.0	0.0	0.0	-46.1	0.0	7.3
US REALTY #	N-UTY	3434	4.03	0.00	DEC	0.16	4.13	22.2	57.0	25.8	0.0	2.5	4.0	14.2	
VIRGINIA RE#	O-VARES	1251	10.19	0.10	MAR	0.60	↓	7.75	10.7	19.2	12.9	1.3	-23.9	5.9	9.7
WALTER RLTY#	O-WALJS	1035	10.72	0.00	JAN	0.00	3.75	-11.8	15.4	0.0	0.0	0.0	-65.0	0.0	3.9
WELLS FAR MI	N-WFM	3911	17.19	1.00	MAR	1.16	↑	12.13X	17.9	26.0	10.5	8.2	-29.4	6.7	47.4
GROUP AVERAGE			1764	9.68	0.36		0.40	6.32	6.3	13.4	15.8	5.7	-34.7	4.1	253.5

SUBORDINATED LAND TRUSTS															
BAY COLONY P	N-BAY	2992	7.51	0.00	FEB	0.00	2.75	0.0	-24.2	0.0	0.0	-63.4	0.0	8.2	
ICM REALTY	A-ICM	3011	14.07	0.00	FEB	0.55	5.25	-3.5	-19.2	9.5	0.0	-62.7	3.9	15.8	
PROPERTY CAP	A-PCL	2065	13.67	1.20	← APR	1.20	← 12.00	3.2	0.0	10.0	10.0	-12.2	8.8	24.8	
GROUP AVERAGE			2689	11.75	0.40		0.58	6.67	0.9	-9.6	11.4	6.0	-43.3	5.0	48.8

SHORT-TERM MTG-MTG BANKER														
ATICC MTG IN	N-ACO	2706	6.58	0.00	JAN	0.00	2.00	0.0	-20.0	0.0	0.0	-69.6	0.0	5.4
BAIRD & WAFNR	O-BAIDS	1043	16.70	0.96	JAN	0.12	7.75X	10.2	14.8	64.6	12.4	-53.6	0.7	8.1
BARNES MTG	O-BARN	1910	12.64	0.00	MAR	0.00	7.25	0.0	5.6	0.0	0.0	-82.2	0.0	4.3
CENTRAL MTG	O-CMRTS	775	12.85	0.00	DEC	0.00	3.38	8.0	12.7	0.0	0.0	-73.7	0.0	2.6
COLWELL MTG	O-CLM	2030	-1.16	0.00	MAR	0.00	0.75	50.0	-60.1	0.0	0.0	NEG.	0.0	1.5
FIRST CONTAL	O-FCRES	2106	10.28	0.88	NOV	0.88	7.50	-4.8	-9.1	8.5	11.7	-27.0	8.6	15.8
FRASER MTG I	O-FRASS	1038	16.40	1.00	FEB	0.96	10.25	0.0	10.8	10.7	9.8	-37.5	5.9	10.6
HEITMAN MTG	A-HTM	3292	3.20	0.00	MAR	0.00	1.25	-16.7	-28.6	0.0	0.0	-60.9	0.0	4.1
JUSTICE MTG	N-JMI	1184	-0.83	0.00	MAR	2.58	↑ 1.56	-4.3	-34.5	0.6	0.0	NEG.	-310.8	1.8
KMC MTG IN	O-KMTGS	1100	2.22	0.00	NCV	0.00	0.88	-22.1	-22.1	0.0	0.0	-60.4	0.0	1.0
LOMAS & NTLN	N-LOM	3700	27.50	1.16	↑ MAR	0.00	↓ 16.50X	11.0	10.0	0.0	7.0	-40.0	0.0	61.0
M&T MTG INV	O-MTMS	1482	10.25	1.04	FEB	1.04	9.50	-2.6	4.1	9.1	10.9	-7.3	10.1	14.1
MIDLAND MTG	N-MMT	2382	1.30	0.00	MAR	0.00	1.13	-9.6	-24.7	0.0	0.0	-13.1	0.0	2.7
NO AMER MTG	N-NAM	4403	11.08	0.00	MAR	0.00	3.75	-6.3	-23.2	0.0	0.0	-66.2	0.0	16.5
SUTRO MTG IN	N-SUT	2322	14.96	0.10	↑ MAR	0.00	↓ 6.50X	1.5	-8.8	0.0	1.5	-56.6	0.0	15.1
TMC MTG INV	O-TMG	800	-2.45	0.00	DEC	3.92	↑ 0.19	0.0	-24.0	0.0	0.0	NEG.	-160.0	0.2
GROUP AVERAGE		2017	8.84	0.32		0.59	4.70	1.9	-2.3	7.9	6.8	-46.9	6.7	164.9

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. NEG.-NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION. ARROWS DENOTE NEW EARNINGS OR DIVIDEND REPORTS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. EXTRAORDINARY GAINS NOT ANNUALIZED.

NAME CHANGE: ALISON MORTGAGE INVESTMENT TRUST TO FIRST NEWPORT REALTY INV.

GROUP CHANGE: WELLS FARGO MORTGAGE INVESTORS FROM SHORT-TERM MTG-COMCL BANK TO EQUITY & MORTGAGE COMBINATION.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	EARNINGS MON	ANN*	LAST PRICE	% CHNG MCN AGC	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RET CN BK	MKT VA (MIL\$)
SHORT-TERM MTG-INDEPEND														
BUILDERS INV	O-BULDS	2929	1.20	0.00	DEC	6.10	0.81	62.0	113.7	0.1	0.0	-32.5	508.3	2.4
CAPITAL MI	N-CMU	1675	0.02	0.00	MAR	0.00	0.94	-16.8	-24.8	0.0	0.0	4600.0	0.0	1.6
VJCONTNL MTG	O-CMI	20838	-4.34	0.00	JUN	0.00	0.20	185.7	566.7	0.0	0.0	NEG.	0.0	4.2
DOMINION M&R	O-DMRTS	639	-7.40	0.00	FEB	0.00	0.50	-10.7	284.6	0.0	0.0	NEG.	0.0	0.3
VJFIDELITY MI	O-FID	3046	-18.59	0.00	JAN	0.12	0.38	-39.7	111.1	3.2	0.0	NEG.	-0.6	1.2
FIRST MTG IN	O-FMTGS	8495	-6.81	0.00	CCT	0.35	0.31	-18.4	24.0	0.9	0.0	NEG.	-5.1	2.6
VJGRT AMER MI	O-GAA	4456	-11.34	0.00	JAN	0.00	0.31	63.2	0.0	0.0	0.0	NEG.	0.0	1.4
GUARDIAN MI	N-GMI	3000	-10.37	0.00	NOV	1.48	0.31	-64.8	-77.5	0.2	0.0	NEG.	-14.3	0.9
HAMILTON INV	O-HAMTS	2055	5.82	0.00	MAR	0.00	0.88	0.0	-41.3	0.0	0.0	-84.9	0.0	1.8
INSTITUTUAL	N-INV	6074	6.58	0.00	JAN	0.00	1.13	-9.6	-39.9	0.0	0.0	-82.8	0.0	6.9
MISSION INV	A-MIT	1812	4.94	0.00	FEB	0.00	1.50	-8.0	-8.0	0.0	0.0	-69.6	0.0	2.7
MTG INV WASH	O-MINVS	2146	6.90	0.00	DEC	0.00	1.75	-6.9	-30.0	0.0	0.0	-74.6	0.0	3.8
NATIONAL MTG	O-NMF	2353	-0.01	0.00	NOV	0.00	0.38	22.6	100.0	0.0	0.0	NEG.	0.0	0.9
REPUBLIC MI	N-RMI	2107	5.46	0.00	DEC	0.00	1.50	-8.0	-25.0	0.0	0.0	-72.5	0.0	3.2
TEXAS 1ST MT	O-TFMRS	1055	8.10	0.00	MAR	0.17	2.38	5.8	-4.8	14.0	0.0	-70.6	2.1	2.5
TIERCC	O-GSR	1161	3.77	0.00	MAR	0.00	0.88	0.0	175.0	0.0	0.0	-76.7	0.0	1.0
UMET TRUST	N-UAT	2109	3.11	0.00	FEB	0.00	1.63	0.0	-27.6	0.0	0.0	-47.6	0.0	3.4
WESTERN MI	O-WMTGS	1002	6.76	0.00	NOV	0.00	2.63	0.0	61.3	0.0	0.0	-61.1	0.0	2.6
GROUP AVERAGE		3722	-0.34	0.00		0.46	1.02	-4.6	-9.3	2.2	0.0	-397.1	-132.6	43.4

SHORT-TERM MTG-COMCL BANK														
AMER FLETCHER	A-AFM	1352	-0.49	0.00	APR	0.00	1.13	0.0	-39.9	0.0	0.0	NEG.	0.0	1.5
BARNETT MTG	O-BMT	2174	-7.31	0.00	DEC	0.00	0.44	76.0	-12.0	0.0	0.0	NEG.	0.0	1.0
CAMERON-BRWAN	N-CB	2016	8.37	0.00	MAR	0.00	1.75	7.4	0.0	0.0	0.0	-79.1	0.0	3.5
CHASE MAN MT	N-CMR	4886	-12.98	0.00	FEB	0.00	2.25	-14.4	-28.1	0.0	0.0	NEG.	0.0	11.0
CITINATL DEV	O-CIT16	600	13.23	0.00	SEP	0.00	3.63	-6.4	26.0	0.0	0.0	-72.6	0.0	2.2
CITIZENS MI	O-CZM	1421	-13.27	0.00	MAR	0.00	0.38	52.0	11.8	0.0	0.0	NEG.	0.0	0.5
CITIZENS&SO RL	N-CZS	3829	-6.07	0.00	MAR	2.63	0.50	-20.6	-73.4	0.2	0.0	NEG.	-43.3	1.9
CONT ILL RLY	N-CIR	2797	0.19	0.00	DEC	0.00	2.25	-5.5	0.0	0.0	0.0	1084.2	0.0	6.3
FST COMMERCE	O-FCRMS	1008	11.94	0.00	DEC	0.00	5.50	4.8	29.4	0.0	0.0	-53.9	0.0	5.5
FST DENVR MI	O-FDENS	1621	1.06	0.00	DEC	0.00	1.13	13.0	50.7	0.0	0.0	6.6	0.0	1.8
FST PENN MT	N-FPM	2961	7.05	0.00	JAN	0.00	1.88	-6.0	-31.6	0.0	0.0	-73.3	0.0	5.6
FST WISCN MT	O-FWM	1910	5.76	0.00	DEC	0.80	3.00	26.1	100.0	3.8	0.0	-47.9	13.9	5.7
INDEPEND MTG	O-IMTGS	2500	-4.01	0.00	MAR	0.00	0.25	-19.4	-34.2	0.0	0.0	NEG.	0.0	0.6
MARYLAND RLY	O-MDRTS	760	8.06	0.00	FEB	0.12	2.88	-17.7	35.2	24.0	0.0	-64.3	1.5	2.2
TRI-SOUTH MI	N-TSI	2260	2.66	0.00	MAR	0.00	1.88	15.3	36.2	0.0	0.0	-29.3	0.0	4.2
WACHOVIA RLY	N-WRI	3335	10.98	0.00	FEB	0.00	3.75	-3.4	-9.2	0.0	0.0	-65.8	0.0	12.5
GROUP AVERAGE		2214	1.57	0.00		0.22	2.04	-0.4	2.3	9.2	0.0	29.5	14.1	66.2

SHORT-TERM-MISC FINCL														
AMER CENTURY	N-ACT	2607	5.77	0.00	MAR	0.00	2.38	3.0	5.8	0.0	0.0	-58.8	0.0	6.2
BENEF STD MI	N-BSM	1355	1.53	0.00	JAN	0.00	1.88	16.0	-11.7	0.0	0.0	22.9	0.0	2.5
CI MTG GROUP	N-CI	4812	-0.29	0.00	JAN	0.23	0.63	-28.4	-37.0	2.7	0.0	NEG.	-79.3	3.0
HANOVER SQ R	A-HSQ	946	10.85	0.00	FEB	0.02	3.75	-11.8	-25.0	187.5	0.0	-65.4	0.2	3.5
IUS RLTY TR	N-IDR	2409	-16.94	0.00	JAN	0.43	0.38	-24.0	-39.7	0.9	0.0	NEG.	-2.5	0.9
LMI INVSTORS	O-LWN	2009	3.67	0.00	MAR	0.00	0.88	17.3	10.0	0.0	0.0	-76.0	0.0	1.8
MTG TRUST AM	N-MT	3860	12.23	0.00	FEB	0.00	4.00	6.7	-13.6	0.0	0.0	-67.3	0.0	15.4
NATIONWID RE	O-NRELS	1047	24.05	0.12	MAR	0.12	6.25	0.0	2.0	52.1	1.9	-74.0	0.5	6.5
GROUP AVERAGE		2381	5.11	0.01		0.10	2.52	-0.8	-10.7	25.2	0.6	-50.7	2.0	40.0

INTERMEDIATE-TERM MORTGAGES														
BARNET-WINST	O-BWITS	1363	-0.35	0.00	MAR	0.00	0.38	52.0	-54.2	0.0	0.0	NEG.	0.0	0.6
DIVERSIFC MI	N-DMG	7627	5.90	0.00	MAR	0.00	1.00	-11.5	-33.3	0.0	0.0	-83.1	0.0	7.3
FST NEWPORT	O-FNRIS	2339	0.43	0.00	JAN	14.90	1.13	-5.0	13.0	0.1	0.0	162.8	3465.1	2.6
FST VIRGINIA	O-FVM	1208	2.04	0.00	DEC	0.00	1.00	163.2	150.0	0.0	0.0	-51.0	0.0	1.2
RLTY REFUND	A-RRF	1045	18.47	2.40	APR	2.40	20.38	1.2	3.8	8.5	11.8	10.3	13.0	21.3
SECURITY MT	A-SMO	6487	5.90	0.00	MAR	0.00	2.38	-4.8	-4.8	0.0	0.0	-59.7	0.0	15.4
GROUP AVERAGE		3345	5.40	0.40		2.88	4.38	2.7	1.6	1.5	9.1	-18.9	53.4	48.5

LONG-TERM MTG & EQUITIES														
ATLANTA NATL	O-ATNAS	1260	9.94	0.00	FEB	0.00	3.13	31.5	108.7	0.0	0.0	-68.5	0.0	3.9
BT MTG INVTR	N-BTM	2116	-2.70	0.00	MAR	0.00	2.13	-5.3	-14.8	0.0	0.0	NEG.	0.0	4.5
CLEVELERST RL	O-CIRIS	2525	10.85	0.00	MAR	0.00	3.75	15.4	42.6	0.0	0.0	-65.4	0.0	9.5
CCN GEN M&R#	N-CGM	5715	19.23	1.60	DEC	1.60	19.25x	0.1	0.0	12.0	8.3	0.1	8.3	110.0
COUSINS M&EQ	N-CUZ	3854	0.88	0.00	FEB	0.00	1.38	0.0	-31.0	0.0	0.0	56.8	0.0	5.3
EQUIT LF MTG	N-EQ	5615	23.66	2.20	APR	2.36	25.38	-0.5	-3.8	10.8	8.7	7.3	10.0	142.5
FIDELCO GROW	A-FGI	1580	12.11	0.00	FEB	0.00	1.75	-22.2	-30.0	0.0	0.0	-85.5	0.0	2.8
FST MEMPHIS	O-FMEWS	1156	4.13	0.00	FEB	0.00	2.00	0.0	22.7	0.0	0.0	-51.6	0.0	2.3
GULF MTG&RLY	N-GMR	2210	4.17	0.00	FEB	0.00	2.63	0.0	16.9	0.0	0.0	-36.9	0.0	5.8
HNC MTG&RLY	O-HNCS	2388	4.01	0.00	APR	0.08	0.94	6.8	-6.0	11.8	0.0	-76.6	2.0	2.2
HOSPITAL MTG	A-HMG	1178	22.90	0.60	FEB	0.16	8.75	4.4	32.0	54.7	6.9	-61.8	0.7	10.3
MASSMUT MTG	N-MML	4670	19.41	1.16	JAN	1.16	13.75	-0.9	-2.7	11.9	8.4	-29.2	6.0	64.2
MCNY MTG INV	N-MYM	8856	9.92	0.92	FEB	0.88	10.63	-3.4	-7.6	12.1	8.7	7.2	8.9	94.1
MTG GROWTH I	A-MTG	2652	10.81	0.48	FEB	0.20	6.00	9.1	9.1	30.0	8.0	-44.5	1.9	15.9
NOWSTRN FINC	O-NFINS	1510	14.42	0.00	MAR	0.00	3.75	3.3	36.4	0.0	0.0	-74.0	0.0	5.7
NOWSTRN MUTL	N-NML	4758	19.03	1.00	MAR	0.88	12.38	-2.0	-7.5	14.1	8.1	-34.9	4.6	58.9
OLD STONE M#	O-OSMRS	813	9.38	0.00	MAR	0.32	7.75	5.0	16.9	24.2	0.0	-17.4	3.4	6.3
PACIFIC STHA	O-PSMTS	814	11.86	0.60	DEC	0.68	6.88x	2.2	22.7	10.1	8.7	-42.0	5.7	5.6
PNB MTG& RL#	N-PNI	2437	18.55	0.48	MAR	0.68	8.50x	9.4	-8.1	12.5	5.6	-54.2	3.7	20.7
HAM PACIFIC	O-RPACS	1890	18.05	1.12	FEB	1.00	12.00	4.3	15.6	12.0	9.3	-33.5	5.5	22.7
STATE MUTUAL	N-SMU	2786	-1.64	0.00	MAR	0.00	2.13	13.3	54.3	0.0	0.0	NEG.	0.0	5.9
UNITED RLTY	A-URT	3610	17.58	0.72	FEB	0.72	9.13	1.4	7.4	12.7	7.9	-48.1	4.1	33.0
GROUP AVERAGE		2927	11.66	0.49		0.49	7.45	1.8	4.3	15.3	6.6	-36.1	4.2	632.2

HOW TO USE COMPARATIVE TRUST STATISTICS

CONVERTIBLE DEBENTURES

DEBENTURE	EX MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG
AMER CENTURY AS '90		7.00	21.00	62.38	11.2	0.2
AMER CENTURYB NY '91		6.75	28.00	61.13	11.0	-0.6
AMER REALTY OC '84		7.00	10.40	30.00	23.3	0.0
BAIRD&WARNER OC '91		6.75	21.00	66.00	10.2	0.0
BANKAMERICA OC '90		6.75	21.00	88.00	7.7	0.0
BENEF STD MI AS '91		6.50	27.75	45.00	14.4	-2.2
CAPITAL MTG OC '91		6.50	33.00	41.00	15.9	13.9
CHASE MANHTN NY '96		6.50	55.00	51.00	12.7	5.2
COLWELL MTG OC '91		6.50	29.38	26.00	25.0	0.0
CONN GENERAL NY '96		6.00	32.50	74.00	8.1	1.4
CONTATL MTG OC '90		6.25	19.79	7.50	VJ	50.0
EQUITRL LF M NY '90		6.75	26.25	93.38	7.2	4.9
FIDELITY MI OC '85		7.75	21.25	8.00	VJ	-33.3
FIRST PENN M CC '91		6.75	26.00	50.00	13.5	4.2
FIRST UNION NY '91		7.00	13.00	91.00	7.7	-2.2
FRANKLIN RLY AS '89		7.00	10.00	73.25	9.6	2.8
FST NEWPORT OC '91		6.75	27.50	31.00	21.8	14.8
GRT AMER MT OC '91		7.00	35.50	8.00	VJ	33.3
HANCVER SQ R AS '92		7.25	21.00	67.00	10.8	-2.9
HEITMAN MTG AS '92		7.50	14.70	59.25	12.7	-1.2
HNC MTG CC '91		6.75	21.00	48.00	14.1	2.1
HOTEL INVSTR OC '90		7.75	21.00	80.00	9.7	-1.2
HOTEL INVTRS CC '91		7.50	25.25	73.00	10.3	-5.2
LINCOLN MTG OC '90		8.00	11.00	40.00	20.0	0.0
MASSMUTL MTG NY '90		6.75	21.00	82.00	8.2	0.0
MASSMUTUAL M NY '91		6.25	33.50	75.00	8.3	1.4
MIDLAND MTG OC '86		7.00	16.67	40.00	17.5	0.0
MONEY MTG IN NY '90		7.00	11.00	95.00	7.4	-3.6
MTG INV WASH OC '90		8.00	15.00	59.00	13.6	0.0
NATIONAL MTG OC '91		7.00	12.00	6.00	116.7	20.0
NUE PRIME OC '91		6.75	21.00	26.00	26.0	-13.3
NOWSTRN MUTL NY '91		6.00	21.00	75.00	8.0	0.0
OLD STONE MT CC '87		6.88	15.00	85.00	8.1	6.3
RAM PACIFIC OC '91		6.75	21.00	75.50	8.9	4.1
REALTY INCOM AS '91		8.00	18.00	82.00	9.8	-1.2
REPUBLIC MI NY '90		9.00	19.00	81.81	11.0	-2.3
SAUL (RF) RL CC '91		6.50	23.00	61.00	10.7	-1.6
SAUL (RF) REI OC '90		8.00	15.50	72.00	11.1	0.0
STATE MUTUAL OC '91		6.75	21.00	42.00	16.1	27.3
SUTRO MIT NY '82		6.75	20.00	81.00	8.3	0.0
SUTRO MTG AS '91		6.75	20.00	70.00	9.6	-2.8
TRI-SOUTH MI NY '92		7.00	29.50	33.25	21.1	-7.6
US BANCORP AS '92		7.00	26.25	72.00	9.7	0.0
US REALTY IN NY '89		5.75	20.20	57.00	10.1	1.3

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	CUT (000)	FXER PRICE	AC. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VAL (MTL \$)
AMER CENTURY	A-ACTW	6/78	897	23.00	1.0	0.06	2.38	868.9	0.0	0.1
ATICO MTG IN	A-ACCW	12/79	563	15.00	1.0	0.38	2.00	669.0	22.6	0.2
BARNES MTG	O-BARNW	12/82	1910	20.00	1.0	0.01	2.25	789.3	0.0	0.0
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.25	1.88	977.1	-19.4	0.1
BRT RLY TR	A-BRTW	11/77	1400	10.00	1.0	0.03	0.88	1039.8	0.0	0.0
CAPITAL MTG	O-CMCRW	11/79	471	20.00	1.0	0.01	0.94	2028.7	0.0	0.0
FIRST UNION	O-FUREW	12/77	600	12.75	1.0	0.25	12.38	5.0	31.6	0.1
FLATLEY RLY	O-FLTLW	5/77	1000	10.00	1.0	0.06	2.75	265.8	-76.0	0.1
JMB REALTY	C-JMBRW	8/77	510	20.00	1.0	0.38	14.00	45.6	26.7	0.2
M&T MTG INV	O-MTIVZ	8/80	747	13.00	1.0	0.25	9.50	39.5	0.0	0.2
MISSION INV	A-MITW	12/77	604	16.50	1.0	0.02	1.50	1001.3	0.0	0.0
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.19	1.75	768.0	0.0	0.2
NATIONWID RE	O-NRELW	1/81	652	32.00	1.0	0.10	6.50	393.8	0.0	0.1
NORTH AM MTG	A-NANW	3/79	710	31.13	1.0	0.13	3.75	733.6	-31.6	0.1
NOWSTRN FINC	O-NFINW	1/78	1510	18.06	1.1	0.03	3.75	382.3	0.0	0.0
PNB MTG&RLTY	A-PNIW	12/77	1220	20.00	1.0	0.06	8.50	136.0	-53.8	0.1
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.13	1.50	1242.0	-18.8	0.1
RLTY REFUND	O-RREFW	6/77	1013	20.00	1.0	0.31	20.38	-0.3	63.2	0.3
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.94	13.25	95.8	-6.0	1.3
SECURITY MT*	A-SMCW	5/79	3117	16.00	1.0	0.19	2.38	580.3	0.0	0.6
SUTRO MIT(R)	A-SUTW	6/82	700	20.00	1.0	0.38	6.50	213.5	-24.0	0.3
SUTRO MTG IN	C-SUTR5	4/78	299	22.00	1.0	0.06	6.50	239.4	0.0	0.0
UNITED RLY	A-URTW	12/79	3610	20.00	1.0	0.31	9.13	122.5	-18.4	1.1
WELLS FARGO	O-WELLW	7/77	3458	20.00	0.5	0.01	12.13	65.0	-93.3	0.0

SUTRO "B": AFTER 6/1/77, EXERCISE PRICE \$22 TO 6/1/82 EXPIRATION.
 *DEBENTURES USABLE IN LIEU OF CASH.

CITIZENS & SOUTHERN REALTY 300,000 warrants at 80% of market price 30 days prior to 10/15/77. Priced \$3 bid and shares 50¢ bid. 6 3/4% debentures usable at par.

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeroes indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "\$" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "\$*". Cash flow derived from amortization of debt discount is denoted by "\$@". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

Trusts are grouped into nine categories under three major groupings to facilitate comparison. The category used for each trust is shown in RELATIVE APPEAL RANKINGS. Equity and combination groups include Equity trusts with over 80% of invested assets in direct ownership of completed income producing properties; Equity & Mortgage combination which balance investments between equity ownership and mortgages; and Subordinated Land trusts, investing primarily in ownership of land beneath income producing properties and leased to building operators.

Short-term mortgage groups invest primarily in mortgages under three years maturity, mainly construction, land development and other interim loans. They are grouped by sponsorship as follows: Mortgage banker; Independent; Commercial bank; and Miscellaneous financial institutions.

Intermediate & long-term mortgage groups are classed as intermediate-term for those whose predominant holdings mature in three to 10 years; and long-term for those with loans maturing in over 10 years, and generally with some equity investments.

for disposition. During 1976, a fully reserved \$300,000 ground lease in North Carolina was written off when the mortgagee foreclosed. A \$175,000 loan on Pennridge Industrial Park, Bucks County, Pa. was paid off this year.

LOSS & DEPRECIATION RESERVES: The trust now has \$151,000 left in its reserve, 0.2% of its portfolio. During fiscal 1976, \$1.06 million was written off the reserve, which appears adequate given the current level of problems. Accumulated depreciation was \$20 million, equal to \$13.22 per share.

FINANCING: Debt of \$55 million was 3 times equity. Almost all debt is now secured by mortgages on properties. The \$9 million in construction loans of Lehigh Valley Mall were converted to a \$25 million permanent mortgage loan in April, 1977, at 9% for 35 years. The loan will be increased to \$27 million bringing the trust's equity investment to zero. Only \$3 million is borrowed under \$10 million credit lines, more than they need. Interest is at $1\frac{1}{2}\%$ over prime with no compensating balances.

MANAGEMENT: Independent and self administered. Trustees include several local real estate developers. They own 137,000 shares, 9% of the issue.

RESULTS & OUTLOOK: Earnings in the February quarter fell to 21¢/share from 29¢ in the preceding quarter. The decline was mostly attributable to the cold winter hurting operating ratios in apartments. This caused fuel expenses to rise 6-10¢ above normal. Shopping center overages were little changed. Cash flow was impacted similarly, down 23% to 30¢/share. Nevertheless, the \$1.15 dividend was still being covered by the depressed \$1.20 annualized cash flow rate. This payout provides a good yield of 9.6% considering the soundness if not dynamism of the properties. Moreover, the new regional mall should contribute next fiscal year, perhaps significantly in a few years. Other new investments may be made but there is nothing to talk about currently. The shares sell at depreciated book value of \$12.03 and the properties are depreciated 26% from cost, a greater amount than remaining book value. The share are therefore exceptionally attractive for current yield plus above-average appreciation potential.

WASHINGTON REAL ESTATE INVESTMENT TRUST (22 3/4--ASE--WRI) FY Dec. 31

REAL ESTATE INVESTMENTS: Investments total \$30 million net of \$9.3 million accumulated depreciation. All investments are equity ownership in income producing properties, all but one located in the Washington, D.C. metropolitan area. Properties are owned subject to \$14 million mortgage debt, giving the trust \$16 million net investment in properties, or a conservative 50% equity investment in its properties. Organized in 1960, the trust has never made a mortgage loan and thus avoided the problems of mortgage trusts. WRIT has concentrated upon owning and managing a few well-chosen properties over the years, making relatively infrequent additions or sales.

Investments are 56% in 1,670 apartments, 20% in shopping centers, and 23% in distribution centers and offices. By location, 45% of investments are in the District of Columbia, 40% in the Virginia suburbs, 14% in the Maryland suburbs, and 2% in a Dover, Del. shopping center. Apartments are all high-rises aimed for moderate to higher rental markets (\$200-\$210/mon. for efficiencies, \$270-\$280 for one-bedrooms). Occupancies have been consistently in the 97-99% range over the years as they have benefitted from the steady growth of government-related employment (one of the nation's solidest growth industries). Apartment holdings are:

<u>Apartment</u>	<u>Units</u>	<u>Apartment</u>	<u>Units</u>
<u>District of Columbia</u>		<u>Virginia</u>	
Wiltshire North.....	301	Roosevelt Towers, Falls Church.....	190
Washington Circle Building.....	184	Park Adams, Arlington.....	200
4000 Tunlaw.....	290	Munson Hill Towers, Fairfax Co.....	279
Totals	775	Country Club Towers, Arlington.....	226
			895

All apartment rents include utilities such as electric, so margin preservation depends upon ability to pass along increases in utilities and other operating costs. The District of Columbia units have been under rent control and currently, the Rental Accommodation Commission recommended controls end for luxury units. A recent

appeals court ruling in effect said that rent control could not be used to bankrupt landlords, and permitted increases Aug. 1, 1976 which the trust had instituted earlier in the year with rents held in escrow pending outcome of appeals.

Shopping centers are 58,800 sf Takoma Park center, Takoma Park, Md.; 50,200 sf Prince William Plaza, Woodbridge, Va.; 140,000 Westminster center, Westminster, Md.; 50,000 sf after expansion, Dover Mart center, Dover, Del.; and 50,000 sf Blacklick Plaza center, Springfield, Va. All are neighborhood type with strong food and drug anchors. Vacancies are negligible. Recent leases to Volkswagen and an expansion of the A&P grocery unit at Dover Mart should enhance income there. Overage income (percentages of sales) has been strong on balance in recent quarters. The Clairmont Shopping Center in Salisbury, Md. was bought in Dec. 1976 for \$661,000 cash over a \$378,525 first mortgage. The location on the Delmarva Peninsula is about two hours from headquarters and about one hour from the trust's only other non-Washington property, a similar center in Dover, Del. Only 42,000 sf, its largest tenants are a Safeway grocery store and a Drug Fair. Both anchors were already paying overage rents and prosperity in the area -- Salisbury is a major trading and transportation center on the peninsula -- give hope for further overage increases. The property was bought on slightly over a 10% yield basis and will contribute to income. Centers of this type don't require much daily maintenance or controls, unlike large mall-type centers, and rent collection isn't difficult since most tenants are major national chains.

Office and distribution buildings include the 95,000 sf U.S. Government Distribution Center, Arlington, Va.; 14,325 sf Fairmont Office Building, Bethesda, Md.; 105,000 sf Commerce Dept. Information Center, Fairfax Co., Va.; 30,000 sf V Street Distribution Center and 130,000 sf Congressional-HUD Center, both Washington. The Bank of Bethesda and a private medical facility recently occupied some vacant space in the Fairmont office building in Bethesda, boosting rental income. In May, 1977, the trust acquired a 100,000 sf, 11-story office building in Washington, three blocks from the White House, 1901 Pennsylvania Ave. It was accomplished by swapping the Wiltshire South apartments plus \$970,000 cash. Wiltshire South became swappable when the land underneath was purchased for \$388,000 in 1976, a deal in itself. The trust made the deal for this office building at a cap rate (return) in the 8-8½% range because all leases in the building have cost-of-living increase clauses, and a building boom in the area has boosted going office rents to about \$10-\$12/sf v. the \$7.50-\$7.75/sf rent scale in the building now. A street-level drug store has less than four years left on a particularly low-rent lease. Major tenant is the World Bank, occupying about 36% of the space. The advantages: reduced exposure to rent control, upside potential in a hot office market, and a savings of \$700,000-\$800,000 in capital gains tax because of the tax-free nature of the exchange. To complete the deal, WRIT borrowed \$760,000 from a Washington bank, but since the Pennsylvania Ave. building has no mortgage, the trust is unconcerned.

LOSS & DEPRECIATION RESERVE: As an equity trust with all earning assets, there is no loss reserve. Depreciation is computed by straight line and amounted to \$9.2 million on Dec. 31, \$6.21/share.

FINANCING: Total debt of \$15 million is 1 times equity of \$15.5 million, an extremely conservative ratio for an equity trust. Debt is mostly secured mortgages. No financing will be required until a cash transaction arises. At such time, the easiest option will be to mortgage a free and clear property or refinance a paid-down mortgage.

RESULTS & OUTLOOK: First quarter (March) earnings of 38¢/share trailed a year earlier 40¢ and the preceding quarter. Higher energy costs at the apartment properties necessitated by the cold and absence of interest income from funds since deployed accounted for the drop. Net cash flow rose to 44¢/share from the previous quarter. Prospects are for improving results the rest of 1977. A major factor will be what follow up from rent control takes in the District of Columbia. The present law expires in October. It looks as though the political forces will permit a fair increase. The shares have limited near-term appeal at twice book value yielding only 8% but representing one of the most remarkable operating records, should be held long term.